



Weekly Briefing

Albania social briefing:

Ballsh oil workers on strike – mass privatization gone awry

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In mid-September 2020, oil workers of Ballsh refinery left their city and marched to the capital to ask for their unpaid wages for almost three years. As their voices were not heard and their protest were crushed by the authorities, by the end of September some of them went into a hunger strike. As their health conditions were deteriorating and a few had some serious conditions, in mid-October 2020 the wives went into a hunger strike demanding for the same conditions to be fulfilled. They asked for legal solution to their problem and not handouts. As the images of fatigued and desperate workers flooded the news cycle, and messages of solidarity were displayed nationwide, the situation was confusing to the majority of the public. The main question is: which entity is to be accountable for the situation and who should pay for the delayed salaries for the workers of Ballsh? Considering that for the majority of those families, this is the only source of income, the situation is not only viewed in terms of continuous injustice but mainly on the grounds of imminent financial survival for almost 800 families.

An oil refinery and the shady business it conceals

The Ballsh oil refinery started operating in the late 1970s and it was built with Chinese technology, expertise and of course, Chinese funding. Until 1999 the refinery was state-owned, however its operational capacity in the last decade of the 20th century was at all times low, as it commonly happened to many other industrial sites abandoned after the decline of the planned economy and the regime change in 1991. In 1999, the refinery was partially privatized and by ARMO Company, yet the most important privatization with 85% of the share was executed in 2008 by Rezart Taci, an Albanian entrepreneur, for 128 million Euros through the Swiss-registered company AMRA Oil or as it was presented to the public, a U.S-Swiss consortium Refinery Associates of Texas and Anika Enterprises SA (other companies were involved in initial talks, but did not participate in the purchase).

Five years later, in 2013, the same was sold to Heaney Assets, an offshore company controlled by the leaders of the International Bank of Azerbaijan. Heaney Assets declared bankruptcy within a year and gave up management. In 2014, ARMO's debts totaled \$ 404.5 million. With the mediation of the Albanian government, in 2015, the refinery was sold to IRTC. But the IRTC failed to pay the amount agreed with the bank, under the conditional sale contract.

Meanwhile, an internal report of the Ministry of Energy and Industry of February 4th, 2016 revealed that ARMO's debts had reached \$ 595 million (of which about 25 million were created in 2014 and 137 million in 2015. Of this debt, \$ 205 million were liabilities to the state: \$ 20 million in unpaid excise and \$ 185 million in other unpaid taxes (VAT, profit tax, social security, etc.).

In 2017, the refinery was sold to a UK-registered company named Allum Enterprises Limited. This company leased it to "Tosk Energji" and "Bylis Energji", two companies controlled by shell companies registered in Switzerland.

In 2018, the Refinery was taken over by the company Tosk Energji, which did not accept any unpaid obligations to the employees on the grounds that it only took it into use, then opening a conflict with Bankers Petroleum for non-compliance with contracts. In 2019, Tosk Energji also went into financial collapse and was no longer able to buy crude oil from Bankers to continue the business, moreover, it was not able to continue the activity that would guarantee the timely payment of salaries to oil workers.

At the end of 2019, the workers declared that they would protest with any means they have, and so they did – in February 2020 they went on strike and decided to continue it. However, the outburst of COVID-19 in Albania and the consequent lockdown blocked their endeavors.

Hardships of the oil workers

For citizens of Ballsh who used to work in the oil refinery, the strike has now become a family matter, first the workers and then their wives, collectively they appear to have no sign or intention to drop their mission.

As all their bosses in more than a decade have plunged into financial collapse the entire enterprise, for management it appears to be easy, they just declare bankruptcy, leave the premises (and sometimes the country) with no one being held accountable for the livelihood of their employees.

They tried it all and, sometimes ingeniously executed, such as trying to occupy the factory premises and asking to negotiate with management. Under these conditions the management stepped out, after the police had been pushed back by the workers, they forcefully crossed the police blockade and the company gate. To appease the oil workers, the managers promised that within two days the signing of the labor contracts would begin, and the unpaid wages would be payed, yet, nothing happened. The protests continued and became more radical by the day. Solidarity with the oil workers at the Ballsh refinery grew throughout Albania.

When their demands were not heard, they decided to reach for the capital where the ministries are located, hoping that an outcry close to the buildings of power would actually mean something. On the way to the Ministry of Infrastructure and Energy, several hundred police units blocked and attacked the workers and the ones that showed up in their support. This situation is going on for about three month, currently, however, the state of the oil workers on hunger strike and their wives is becoming drastic. Some of them are in a very critical conditions. The latest warning they have is that they are prepared to close off the entire area in Ballsh and to make the city inaccessible to the authorities.

It is not difficult to understand what the work conditions and lifestyle without monthly income has created for these workers. In once single video shot form their faces and surroundings one can easily realize where they stand in terms of their livelihood. Claims of women not being able to pay for their medicine and parents not being able to send their children at schools should be enough to realize the level of their alarmism.

It is understandable that the health of oil workers is getting worse and worse. The town of Ballsh is designed as an industrial town, associated with oil extraction and refining. In the past, the refinery employed up to 2200 workers, while lately this number has dropped to about 800, and yet the work of this refinery circulates the entire economy of the city. Thus the closure of the refinery will deliver a series of blows to the city's economy. It started with oil workers, who - especially the families of those whose only source of income is a refinery salary - have long since started receiving listed foods, to the point where small, troubled shopkeepers are no longer able to comply. Recently they have also cut off lights and water to those who have not paid their bills. In short, the condition of the oilmen is dramatic.

Who to blame?

Over the years, this refinery has made millions in profits for various owners, while the oil workers were deceived with ridiculously low salaries (an average of 240 Euros per month) and for most of the last years, not even that was granted. Many promises have been made by members of the political elite, in the past as well as in the recent present, yet, these promises were never kept. The workers, however, consider the oil in Ballsh as their property and are claiming the outstanding wages from the government.

Government institutions, which are primarily responsible for the degradation of the refinery, have been awfully silent. Quite cynically, Prime Minister (PM) Rama said that he could write a book on the issue but offered neither transparency nor a concrete solution, but only describing it as a private relationship between the workers and private companies

managing the refinery. The last declaration of the PM was an open invitation to talks with the oil workers and their families, on the other hand he stated: “[...] *it is a private company which was criminally. The refinery has been misused.... And it is in dire need of a huge investment to recover.*”

Whatever the typology of the privatization was, it was always the Government that became the guarantor for the companies that have operated in the refinery. There is also no initiative by the Labor Inspectorate to guarantee workers' rights under the Labor Code. While the court has previously given the right to workers for arrears of wages, but this decision has not been executed, which in itself constitutes a serious violation at the expense of oil workers.

Conclusions

Ballsh' oil refinery during the 12 years in the administration of the private sector has marked only negative balances, while shadows of doubt are raised on the governments, which have allowed this situation, by not collecting taxes or granting fiscal amnesties. It makes no sense that an enterprise of such scale is not in the radar of governmental auditing – and yet, the authorities claim no position of intervention since it is a private company. While the owners and manager of shell companies are now nowhere to be found, the struggle is left only to the workers and their desperate call for help.